

Sept. 26, 1986

AIR TRANSPORT AGREEMENT  
BETWEEN THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA  
AND  
THE GOVERNMENT OF  
THE REPUBLIC OF ECUADOR

The Government of the United States of America and the  
Government of the Republic of Ecuador,

Desiring to promote an international air transport system  
based on fair competition among airlines in the marketplace;

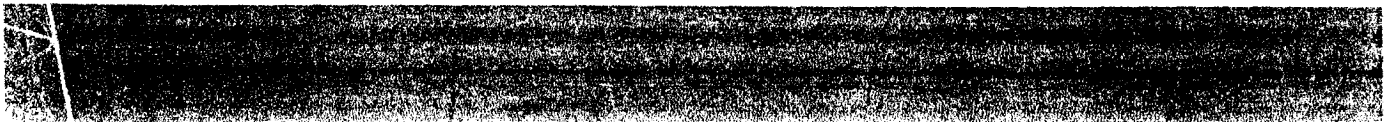
Desiring to facilitate the expansion of fair international  
air transport opportunities in the public interest;

Desiring to ensure the highest degree of safety and  
security in international air transport and reaffirming their  
grave concern about acts or threats against the security of  
aircraft, which jeopardize the safety of persons or property,  
adversely affect the operation of air transportation, and  
undermine public confidence in the safety of civil aviation;

Being Parties to the Convention of International Civil  
Aviation opened for signature at Chicago on December 7, 1944;  
and

Desiring to conclude a new agreement to replace the Air  
Transport Agreement concluded between them and signed at Quito  
on January 8, 1947;

Have agreed as follows:



ARTICLE 1

Definitions

For the purpose of this Agreement, unless otherwise stated:

(a) "Aeronautical authorities" means, in the case of the United States, the Department of Transportation, or its successor agency, and in the case of the Republic of Ecuador, the National Civil Aviation Council and/or the General Civil Aviation Bureau, whichever of the two has jurisdiction, or their successor agencies;

(b) "Agreement" means this Agreement, its Annexes, and any amendments thereto;

(c) "Air Transportation" means any operation performed by aircraft for the public carriage of traffic in passengers, baggage, cargo and mail, separately or in combination, for remuneration or hire;

(d) "Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on December 7, 1944, and includes:

- (i) any amendment which has entered into force under Article 94(a) of the Convention and has been ratified by both parties, and

(ii) any Annex or any amendment thereto adopted under Article 90 of the Convention, insofar as such Annex or amendment is at any given time effective for both parties;

(e) "Designated airline" means an airline which has been designated and authorized in accordance with Article 3 of this Agreement;

(f) "Price" means:

(i) any fare, rate or price to be charged by airlines, including their agents, and the conditions governing the availability of such fare, rate or price;

(ii) the charges and conditions for services ancillary to carriage of traffic which are offered by airlines; and

(iii) amounts charged by airlines to air transportation intermediaries;

for carriage of passengers and their baggage and/or cargo (excluding mail) in air transportation;

(g) "Stop for non-traffic purposes" means a landing for any purpose other than taking on or discharging passengers, baggage, cargo and mail in air transportation;

(h) "Territory" means the land areas under the sovereignty, jurisdiction, protection, or trusteeship of a Party, and the territorial waters adjacent thereto;

(i) "User charge" means a charge made to airlines for the provision of airport, air navigation or aviation security property or facilities;

(j) "Full economic costs" means the direct cost of providing service plus a reasonable charge for administrative overhead;

(k) "International air transportation" means an air transportation which passes through the air space over the territory of more than one state; and

(l) "Cabotage" means the taking on, in the territory of one Party, by the airlines of the other Party, passengers, cargo or mail carried for remuneration or hire originating and destined for another point in the territory of the first Party.

ARTICLE 2

Grant of Rights

(1) Each Party grants to the other Party the following rights for the conduct of international air transportation by the airlines of the other Party:

- (a) the right to fly across its territory without landing;
- (b) the right to make stops in its territory for non-traffic purposes;
- (c) the rights otherwise specified in this Agreement.

(2) Nothing in paragraph (1) of this article shall be deemed to grant the right of cabotage for either Party's airlines.

### ARTICLE 3

#### Designation and Authorization

(1) Each Party shall have the right to designate an airline or airlines, consistent with its domestic laws and policies, to conduct international air transportation in accordance with this Agreement and to withdraw, alter, or substitute such designations. Such designations, in accordance with that specified in Annex I, shall be transmitted to the other Party in writing through diplomatic channels, and shall identify whether the airline or airlines are authorized to conduct the type of air transportation specified in Annex I or in Annex II or in both.

(2) On receipt of such a designation and of applications from the designated airline(s) in the form and manner prescribed in their respective laws and regulations for operating authorizations or permissions and technical permissions (pilot licenses, airworthiness certificates or similar technical certificates), the other Party shall grant appropriate authorizations and permissions with a minimum of procedural delay provided:

- (a) substantial ownership and effective control of that airline are vested in the Party designating the airline, nationals of that Party, or both;
- (b) the designated airlines are qualified to meet the conditions prescribed under the laws and regulations normally applied to the operation of international air

transportation by the Party considering the  
application or applications; and

- (c) the Party designating the airline is maintaining and  
administering the standards set forth in Article 6  
(Safety) and Article 7 (Security).

#### ARTICLE 4

##### Revocation and Limitation of Authorization

(1) Each Party reserves the right to revoke, suspend or limit the operating authorizations or permissions or technical permissions (pilot licenses, airworthiness certificates or similar technical permissions) issued by each Party to the designated airlines of the other Party where:

- (a) substantial ownership and effective control of that airline are not vested in the other Party or the other Party's nationals;
- (b) that airline has failed to comply with the laws and regulations referred to in Article 5 (Application of Laws) of this Agreement; or
- (c) the other Party is not maintaining and administering the standards set forth in Article 6 (Safety).

(2) Unless immediate action is essential to prevent further non-compliance with subparagraphs (1) (b) or (1) (c) of this Article, the rights established by this Article shall be exercised only after consultation with the other Party.

(3) The Article does not limit the rights of either Party to suspend, limit or condition air transportation in accordance with the provisions of Article 7 (Aviation Security).



ARTICLE 5

Application of Laws

(1) While entering, within or leaving the territory of one Party, its laws and regulations relating to the operation and navigation of aircraft shall be complied with by the other Party's airlines.

(2) While entering, within or leaving the territory of one Party, its laws and regulations relating to the admission to or departure from its territory of passengers, crew or cargo on aircraft (including regulations relating to entry, clearance, aviation security, immigration, passports, customs and quarantine or, in the case of mail, postal regulations) shall be complied with by or on behalf of such passengers, crew or cargo of the other Party's airlines.

## ARTICLE 6

### Safety

(1) Each Party shall recognize as valid, for the purpose of operating the air transportation provided for in this Agreement, certificates of airworthiness, certificates of competency, and licenses issued or validated by the other Party and still in force, provided that the requirements for such certificates or licenses at least equal the minimum standards which may be established pursuant to the Convention. Each Party may, however, refuse to recognize as valid for the purpose of flight above its own territory, certificates of competency and licenses granted to or validated for its own nationals by the other Party.

(2) Each Party may request consultations concerning the safety standards maintained by the other Party relating to aeronautical facilities, aircrew, aircraft, and operation of the designated airlines. If, following such consultations, one Party finds that the other Party does not effectively maintain and administer safety standards and requirements in these areas that at least equal the minimum standards which may be established pursuant to the Convention, the other Party shall be notified of such findings and the steps considered necessary to conform with these minimum standards; and the other Party

shall take appropriate corrective action. Each Party reserves the right to withhold, revoke or limit the operating authorization or permissions or technical permission (pilot licenses, airworthiness certificates or similar certificates) of an airline or airlines designated by the other Party in the event the other Party does not take appropriate action to meet the other Party's concerns within a reasonable time.

ARTICLE 7

Aviation Security

(1) In accordance with their rights and obligations under international law, the Parties reaffirm that their obligation to protect, in their mutual relationship, the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement.

(2) The Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of aircraft and other unlawful acts against the safety of passengers, crew, aircraft, airports and air navigation facilities and any other threat to aviation security.

(3) The Parties shall act in conformity with the provisions of the Convention on Offenses and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at the Hague on 16 December 1970 and the Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation signed at Montreal on 23 September 1971.

(4) The Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by the International Civil Aviation Organization and designated as Annexes to the Convention on International Civil Aviation; they shall require that operators of aircraft of their registry or

operators who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions.

(5) Each Party agrees to observe the security provisions required by the other Party for entry into the territory of that other Party and to take adequate measures to protect aircraft and to inspect passengers, crew, their carry-on items as well as cargo and aircraft stores prior to and during boarding or loading. Each Party shall also give positive consideration to any request from the other Party for special security measures to meet a particular threat.

(6) When an incident or threat of an incident of unlawful seizure of aircraft or other unlawful acts against the safety of passengers, crew, aircraft, airports and air navigation facilities occurs, the Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.

(7) When a Party has reasonable grounds to believe that the other Party has departed from the aviation security provisions of this article, the aeronautical authorities of that Party may request immediate consultations with the aeronautical authorities of the other Party. Failure to reach a satisfactory agreement within 15 days from the date of such

request will constitute grounds to withhold, revoke, limit or impose conditions on the operating authorization or permissions or technical permission (pilot licenses, airworthiness certificates or similar certificates) of an airline or airlines designated by the other Party. When required by an emergency, a Party may take interim action prior to the expiry of 15 days.

ARTICLE 8

Commercial Opportunities

(1) The airlines of one Party may establish offices in the territory of the other Party for the promotion and sale of air transportation.

(2) The designated airlines of one Party may, in accordance with the laws and regulations of the other Party relating to entry, residence and employment, bring in and maintain in the territory of the other Party managerial, sales, technical, operational and other specialist staff required for the provision of air transportation.

(3) Each airline of one Party may engage in the sale of air transportation in the territory of the other Party directly and, at its discretion, through its agents. If it wishes to sell charter flights, it shall be subject to the charter regulations of the country in which the charter originates. Each airline may sell air transportation, and any person shall be free to purchase such transportation, in the currency of that territory or in freely convertible currencies.

(4) Each airline of one Party may convert and remit to its country, on demand, local revenues in excess of sums locally disbursed. Conversion and remittance shall be permitted promptly without restrictions or taxation. If either Party requires the airlines of the other Party to obtain governmental

permission before being allowed to remit, the rate of exchange for such remittances shall be the rate of exchange in effect on the date of application for conversion and remittance. Either Party may require that funds to be converted and remitted be deposited with the appropriate national authority simultaneously with the application for conversion and remittance.



ARTICLE 9

Customs Duties and Taxes

(1) Each Party shall on a basis of reciprocity exempt the designated airline or airlines of the other Party to the fullest extent possible under its national law from import restrictions, customs duties, excise taxes, property taxes, capital levies, inspection fees and other national duties and charges on aircraft, fuel, lubricating oils, consumable technical supplies, spare parts including engines, regular aircraft equipment, aircraft stores (including but not limited to liquor, tobacco and other products destined for sale to passengers in limited quantities during the flight) and other items intended for use or used solely in connection with the operation or servicing of aircraft of the designated airline or airlines of such other Party operating the agreed services, as well as printed ticket stock, air waybills, any printed material which bears the insignia of the company printed thereon and usual promotional material distributed without charge by those designated airlines. The designated airlines shall be allowed to import, under bond, carrier support equipment, such as communications equipment, and computer hardware and software.

(2) The exemptions granted by this Article shall apply to the items referred to in paragraph 1 of this Article as follows:

- (a) introduced into the territory of one Party by or on behalf of the designated airline or airlines of the other Party;
- (b) retained on board aircraft of the designated airline or airlines of one Party upon arriving in or leaving the territory of the other Party;
- (c) taken on board aircraft of the designated airline or airlines of one Party in the territory of the other Party and intended for use in operating the agreed services;
- (d) imported under bond solely for the purpose of supporting a designated airline's or airlines' service;

whether or not such items are used or consumed wholly within the territory of the Party granting the exemption provided such items are not alienated in the territory of the said Party.

(3) The regular airborne equipment, as well as the materials and supplies normally retained on board the aircraft of the designated airline or airlines of either Party may be unloaded in the territory of the other Party only with the approval of the Customs or other designated authorities of that territory. In such case, they may be placed under the supervision of the said authorities up to such time as they are re-exported or otherwise disposed of in accordance with Customs regulations.

(4) The exemptions provided for by this Article shall also be available where the designated airlines of one Party have contracted with another airline, which similarly enjoys such exemptions from the other Party, for the loan or transfer in the territory of the other Party of the items specified in paragraph (1) and (2) of this Article.

(5) Each Party shall use its best efforts to secure for the designated airlines of the other Party, on the basis of reciprocity, an exemption from taxes, charges and fees imposed by state, regional and local authorities on the items specified in paragraphs (1) and (2) of this Article in the circumstance described in this Article, except to the extent that the charges are based on the actual cost of providing the service.

(6) Both Parties agree that they will fully implement their obligations under Annex 9 of the Convention with the objective of maximum facilitation of transit passengers and air freight.

ARTICLE 10

User Charges

(1) User charges imposed by the competent authorities on the airlines of the other Party shall be just, reasonable and nondiscriminatory.

(2) User charges imposed on the airlines of the other Party may reflect an equitable portion of the full economic cost to the competent charging authorities of providing the airport, air navigation, and aviation security facilities and services. Facilities and services for which charges are made shall be provided on an efficient and economic basis.

Reasonable notice shall be given prior to changes in user charges. Each Party shall encourage the competent charging authorities and the airlines to exchange such information as may be necessary to permit an accurate review of the proposed charges.

ARTICLE 11

Fair Competition

(1) There shall be a fair and equal opportunity for the designated airlines of both Parties to compete in the international air transportation covered by this Agreement.

(2) Each Party shall take all appropriate action within its jurisdiction to eliminate all forms of discrimination or unfair practices adversely affecting the competitive position of the airlines of the other Party so as to achieve equality of opportunity.

(3) With the exception of that stipulated in the respective Annexes, neither Party shall unilaterally limit the volume of traffic, frequency or regularity of service, or the aircraft type or types operated by the designated airline or airlines of the other Party, except as may be required for customs, technical, operational or environmental reasons under uniform conditions consistent with Article 15 of the Convention.

(4) Services on the agreed routes shall be provided in accordance with Annex I.

(5) Neither Party shall impose on the other Party's designated airlines a first refusal requirement, uplift ratio, no-objections fee, or any other requirement with respect to the capacity, frequency or traffic which would be inconsistent with the purposes of this Agreement.

ARTICLE 12

Pricing

(1) Prices charged for air transportation of passengers and cargo shall be established in accordance with the domestic laws of the country in which the passengers or cargo originate. Compliance with this provision shall be evident from the ticket or air waybill which authorizes the air transportation.

(2) Each Party may require filing with its aeronautical authorities of prices charged, or proposed to be charged, to or from its territory by the designated airlines of the other Party.

(3) Neither Party may take unilateral action to prevent the introduction or continuation of premium class (business or first class) service levels and conditions proposed for air transportation to or from its territory by any designated airline of the other Party.

(4) Each Party shall allow any airline of the other Party to meet any scheduled price, including combination of prices, charged in the marketplace for international air transportation to or from its territory and (a) the territory of the other Party; or (b) and third country.

ARTICLE 13

Consultations

Either Party may, at any time, request consultations relating to this Agreement. Such consultations shall begin at the earliest possible date, but not later than 60 days from the date the Party receives the request unless otherwise agreed. Each Party shall prepare and present during such consultations relevant evidence in support of its position in order to facilitate informed, rational and economic decisions.

ARTICLE 14

Settlement of Disputes

(1) Any dispute arising under this Agreement which is not resolved by a first round of formal consultations, except those which may arise under paragraph 1 of Article 12 (Pricing), may be referred by agreement of the Parties for decision to some person or body. If the Parties do not so agree, the dispute shall at the request of either Party be submitted to arbitration in accordance with the procedures set forth below.

(2) Arbitration shall be by a tribunal of three arbitrators to be constituted as follows:

(a) within 30 days after the receipt of a request for arbitration, each Party shall name one arbitrator. Within 60 days after having been named, these two arbitrators shall by agreement appoint a third arbitrator, who shall act as President of the arbitral tribunal;

(b) if either Party fails to name an arbitrator, or if the third arbitrator is not appointed in accordance with subparagraph (a) of this paragraph, either Party may request the President of the Council of the International Civil Aviation Organization to appoint the necessary arbitrator or arbitrators within 30 days. If the President is of the same nationality as one of the Parties, the most senior Vice President who is not disqualified on that ground shall make the appointment.



(3) Except as otherwise agreed, the arbitral tribunal shall determine the limits of its jurisdiction in accordance with this Agreement and shall establish its own procedure. At the direction of the tribunal or at the request of either of the Parties, a conference to determine the precise issues to be arbitrated and the specific procedures to be followed shall be held no later than 30 days after the tribunal is fully constituted."

(4) Except as otherwise agreed, each Party shall submit a memorandum within 45 days of the time the tribunal is fully constituted. Replies shall be due 60 days later. The tribunal shall hold a hearing at the request of either Party or at its discretion within 15 days after replies are due.

(5) The tribunal shall attempt to render a written decision within 30 days after completion of the hearing or, if no hearing is held, after the date both replies are submitted, whichever is sooner. The decision of the majority of the tribunal shall prevail.

(6) The Parties may submit requests for clarification of the decision within 15 days after it is rendered and any clarification given shall be issued within 15 days of such request.

(7) Each Party shall, consistent with its national law, give full effect to any decision or award of the arbitral tribunal.

(8) The expenses of the arbitral tribunal, including the fees and expenses of the arbitrators, shall be shared equally by the Parties. Any expenses incurred by the President of the Council of the International Civil Aviation Organization in connection with the procedures of paragraph (2)(b) of this Article shall be considered to be part of the expenses of the arbitral tribunal.

ARTICLE 15

Termination

Either Party may at any given time give notice in writing to the other Party of its decision to terminate this Agreement. Such notice shall be sent simultaneously to the International Civil Aviation Organization. This Agreement shall terminate at midnight (at the place of receipt of notice to the other Party) immediately before the first anniversary of the date of receipt of the notice by the other Party, unless the notice is withdrawn by agreement before the end of this period.

ARTICLE 16

Multilateral Agreement

If a multilateral agreement, accepted by both Parties, concerning any matter covered by this Agreement enters into force, this Agreement shall be amended so as to conform with the provisions of the multilateral agreement.

ARTICLE 17

Registration with ICAO

This Agreement and all amendments thereto shall be registered with the International Civil Aviation Organization.

ARTICLE 18


Entry Into Force

The competent authorities of the United States of America and the Republic of Ecuador will permit operations in accordance with the terms of the Agreement upon signature. The Agreement will enter into force on a date to be determined in an exchange of diplomatic notes indicating that all necessary internal procedures for entry into force of the Agreement have been completed by both Parties. Upon entry into force, this Agreement shall terminate and replace the Air Transport Agreement signed at Quito on January 8, 1947, as amended.

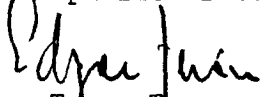
IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, have signed the present Agreement.

DONE at Washington, D.C. this twenty-sixth day of September, 1986, in duplicate in the English and Spanish languages, each of which shall be of equal authenticity.

For the Government of  
The United States of America:

  
Allen Wallis  
Under Secretary of State  
for Economic Affairs

For the Government of  
The Republic of Ecuador:

  
Edgar Teran Teran  
Minister of Foreign Affairs



ANNEX I - SCHEDULED SERVICES

Section I- Designations

The total number of airlines designated by each Party shall be in accordance with Article (3) of this Agreement.

Section II - Routes

(1) Airlines of one Party whose designation identifies this Annex shall, in accordance with the terms of their designation, be entitled to perform international air transportation (a) between the points on the following routes and (b) between points on such routes and points in third countries through points in the territory of the Party which has designated the airline.



A. Routes for the airline or airlines designated by the Government of the United States:

From the United States via the intermediate points Mexico City, Mexico; Guatemala City, Guatemala; San Salvador, El Salvador; San Pedro Sula and Tegucigalpa, Honduras; Panama City, Panama; Cali, Bogota and Medellin, Colombia; to the coterminal points Quito and Guayaquil, Ecuador; and beyond Ecuador to Lima, Peru; Santiago, Chile; Buenos Aires, Argentina; La Paz and Santa Cruz, Bolivia; Asuncion, Paraguay; and Rio de Janeiro and Sao Paulo, Brazil.

B. Routes for the airline or airlines designated by the Government of the Republic of Ecuador:

From the Republic of Ecuador via the intermediate points Cali, Bogota and Medellin, Colombia; Panama City, Panama; San Pedro Sula and Tegucigalpa, Honduras; San Salvador, El Salvador; Guatemala City, Guatemala; Mexico City, Mexico; and one point in the Caribbean 1/; to the coterminal points of Miami, Orlando 2/, Washington 2/, New York, Chicago 2/, Los Angeles, two points 3/, and one additional point 4/ in the United States and beyond Miami to Madrid, Spain; and beyond either New York or Chicago 5/ to Montreal and Toronto, Canada.

*[Handwritten signature]*

*air cargo*

*all cargo over*



1/ This point shall be selected by the Government of the Republic of Ecuador and notified to the Government of the United States by diplomatic note. The point chosen must be in a country with which both Parties have diplomatic relations.

2/ Washington, Chicago and Orlando may be served by the designated airlines of the Republic of Ecuador for combination services only.

3/ These points shall be selected by the Government of the Republic of Ecuador and notified to the Government of the United States by diplomatic note and may be served by the designated airlines of the Republic of Ecuador for all-cargo services only.


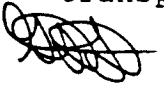
4/ This point shall be selected by the Government of the Republic of Ecuador and notified to the Government of the United States by diplomatic note and may be served by the designated airlines of the Republic of Ecuador for all-cargo services only. This point may be changed at intervals of not less than six months upon notification through diplomatic channels.

5/ The Government of Ecuador shall select either New York or Chicago as the point over which Montreal and Toronto shall be operated and shall inform the Government of the United States of its selection through diplomatic channels.



(2) Each designated airline may, on any or all flights and at its option, operate flights in either or both directions and without directional or geographic limitation, serve points on the routes in any order, and omit stops at any point or points outside the territory of the Party which has designated that airline without loss of any right to carry traffic otherwise permissible under this Agreement.

(3) On any international segment or segments of the routes above, each designated airline may perform international air transportation without any limitation as to the use of dual flight numbers and as to change, at any point on the route, in type or number of aircraft operated, provided that in the outbound direction the transportation beyond such point is a continuation of the transportation from the territory of the Party which has designated the airline and, in the inbound direction, the transportation to the territory of the Party which has designated the airline is a continuation of the transportation beyond such point.



### Section III - Capacity

(1) From July 1 of each of the years specified below, the designated airlines of each Party may operate a maximum number of round trip combination frequencies per week over the routes specified in Section II of this Annex using narrow-body aircraft or their wide-body equivalent as follows:

Between a point or points in Ecuador and the following gateways in the United States:

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Los Angeles	4.5	6	8	10.5
Other Points <u>1/</u>	6	7.5	9	10.5

	<u>For the Peak Season 2/</u>			<u>1989</u>
	<u>1986</u>	<u>1987</u>	<u>1988</u>	
Miami	18	18	19.5	21
New York	18	18	19.5	21

	<u>For the Low Season 2/</u>			<u>1989</u>
	<u>1986</u>	<u>1987</u>	<u>1988</u>	
Miami	15	16.5	18	19.5
New York	15	16.5	18	19.5

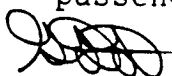
For the purpose of counting these frequencies, the term gateway is understood to mean the first point of entry into or the last point of departure from the territory of either Party.

1/ Other gateways permitted under Section II of this Annex excluding Miami, New York and Los Angeles.

2/ For the purposes of this Section, Peak season shall be defined as June 1 through September 15, and December 1 through January 15 of the following year. Low season shall be defined as January 16 through May 31, and September 16 through November

(2) The airlines of each Party designated for all-cargo service may operate a maximum of 15 round trip all-cargo frequencies per week over the routes specified in Section II of this Annex using narrow-body aircraft or their wide-body equivalent.

(3) Narrow-body aircraft may be substituted, at the exclusive discretion of the designated airline, by wide-body aircraft at the following rates of conversion: One wide-body aircraft (L-1011, DC-10, A-300, B-747SP, B-767 or similar aircraft) shall be equivalent to 1.5 narrow-body aircraft (DC-8, B-707, B-727, B-737, B-757, MD-80 or similar aircraft), except that one B-747-100 or similar aircraft will be equivalent to two narrow-body aircraft, and one B-747 Combi (with main deck cargo) shall be equivalent to 1.5 narrow-body passenger aircraft and one narrow body all-cargo aircraft.



(4) The aeronautical authorities of each Party shall have the right to distribute these frequencies among its designated airlines.

(5) Any unused frequencies from the corresponding seasons, as defined in paragraph 1 of this Section, of the previous twelve months may be accumulated by the combination airlines of either Party and used, at the discretion of the aeronautical authorities of that Party, as additional flights during the corresponding season in which they were not used. If all frequencies are utilized, and no accumulated frequencies are available, a reasonable number of extra sections for the designated airlines of each Party shall be authorized by the aeronautical authorities of the other Party.

(6) After December 31, 1986, each Party will permit the combination airlines of the other Party to operate scheduled services in addition to those set forth in paragraph 1 of this Section, in the same percentage as the growth of traffic experienced in each city pair market. For the purpose of determining the growth of the passenger traffic in each market, United States data will be used for all passengers arriving in the United States and Ecuador data for all passengers arriving in Ecuador transported by United States, Ecuadorean and third country carriers. The United States and Ecuador data will be combined to determine the total growth of the traffic. An airline that wishes to increase the number of its gateway

frequencies in accordance with this paragraph will apply to the aeronautical authorities of its own country. Those authorities will evaluate this request based on the pertinent information. If, in the opinion of those authorities, the request is justified, the request will be transmitted to the other Party via diplomatic channels. In the event of disagreement, the provisions of Article 13 shall apply.

(7) Each airline will submit its schedules for approval to the aeronautical authorities of the other Party at least thirty days in advance of the effective date of the schedule. The aeronautical authorities will approve all submitted schedules and such schedules will become effective on the proposed date of effectiveness, provided they conform with the terms of this Annex. Schedules may be filed in less than thirty days, with special permission, particularly if they involve changes such as changes in the day or hour of operations.

#### Section IV -Termination

Unless otherwise agreed, this Annex will expire on June 30,

1990. 